

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
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Salt Lake City, Utah 84114-5801
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JAN 31 2005

ANNUAL REPORT OF MINING OPERATIONS

DIV OF OIL GAS & MINING

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8. Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General Information

1. Report Time Period: From (mo./yr.) 1/2004 To (mo./yr.) 12/2004
2. DOGM File Number (Mine No): M450008
3. Mine Name: Rowley/Stansbury
4. Mineral(s) Mined (or permitted to mine): Magnesium chloride/lake salts
5. Type of mine ☒ Surface Mine or ☐ Underground Mine
6. Legal Description (Location of Lands Affected):
1/4, 1/4, 1/4, Section, Township, Range
1/4, 1/4, 1/4, Section, Township, Range
1/4, 1/4, 1/4, Section, Township, Range
7. Name of Operator or Company: US Magnesium LLC
8. Permanent Street Address: 238 North 2200 West
City, State, Zip: Salt Lake City, Utah 84116
Phone: 801-532-2043 Fax: 801-596-1132
9. Company Representative (or designated operator):
Name: G. Thomas Tripp
Title: Technical Service Manager
Business Address: 238 North 2200 West
City, State, Zip: Salt Lake City, Utah 84116
Phone: 801-532-1522 Fax: 801-596-1132

☐ Please check if any of the above information has changed since previous year.

II Mining and Reclamation

1. Was there any mine related activity during the past year? Yes ☒ No ☐
2. If no - what was the last year of activity? _____
3. If yes - how much ore or mineral was mined? 41,600 tons electrolytic magnesium

4. Briefly describe the type of work performed, volume of material moved, and any new or additional surface disturbances that occurred during the past year.

No surface mining occurred during the past year. All activity was conducted in accordance with the approved solar pond operation.

5. How much **additional acreage** was disturbed during the past year? None

6. How much acreage was **reclaimed** during the past year? None

7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.

8. What is the **total disturbed acreage of entire** project at years end? 62.4 acres

9. Briefly summarize any mining and/or reclamation plans for the upcoming year.

There are no mining or reclamation plans for the coming year. The 62.4 acres identified in Section 8 are the acreage agreed to in the reclamation contract dated June 28th, 2002 and effective January 7, 2003 that involves the agreed to disturbed acreage associated with the Solar Pond Operation.

NOTE: Section III., "Additional Information" applies only to **large mining operations**.

III. Additional Information

1. **The operator shall include an updated map depicting surface disturbance and reclamation performed during the year**, prepared in accordance with Rule 647-4-105.
2. The operator shall keep and maintain timely records relating to his performance under the Act, and shall make these records available to the Division upon request.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Print):

G. Thomas Tripp

Title of Operator:

Technical Service Manager

Signature of Operator:



Date:

25 Jan '03

US MAGNESIUM LLC

238 North 2200 West • Salt Lake City, UT 84116
Telephone: (801) 532-2043 Fax: (801) 534-1407

TR
2/28/05
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JAN 31 2005
DIV. OF OIL, GAS & MINING

TO: Tom Munson – Utah Div. of Oil Gas and Mining
FROM: Tom Tripp
RE: Notes on the “Annual Report of Mining Operations”

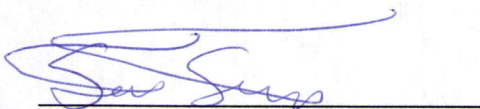
DATE: 1/25/05

CC: Lee R. Brown
Mark Mesch
Daron Haddock
Don Silva

We appreciated the opportunity to meet with you last week (1/20/2005). The following notes are intended to clarify US Magnesium’s submittal of the “Annual Report of Mining Operations” for 2004:

- On line 4. of Section I General Information - The mineral “magnesium chloride” is recovered from the water of the Great Salt Lake by solar evaporation ponds in the form of a solution of dissolved minerals.
- On line 5. of Section I General Information- The reference to a surface mine refers only to the solar ponding operation in the Stansbury Basin. There is no conventional surface mining being employed by US Magnesium at this time for the recovery of magnesium minerals.
- On line 3. of Section II Mining and Reclamation - The listed production, electrolytic magnesium, is an indication of the magnitude of US Magnesium’s annual activity. Electrolytic magnesium metal is an intermediate product (rather than finished) and is solely derived from magnesium chloride obtained from the waters of the Great Salt Lake. It is not however an exact measure of finished product.
- On line 4. of Section II Mining and Reclamation - The comment of no surface mining during the period connotes that the previous mining activity carried on by previous owners related to oolitic sand production did not occur during the period in question. As previously mentioned US Magnesium’s solar ponding operation was active during 2004.

If further clarification is required, please feel free to contact me.



Tom Tripp
Technical Services Manager
US Magnesium LLC